

CHAPTER NO. 935

SENATE BILL NO. 2755

By Rochelle, Henry

Substituted for: House Bill No. 2802

By Sherry Jones, Odom, Pruitt, Arriola, Robinson, Garrett, Langster, Briley, West, Harwell

AN ACT To amend Tennessee Code Annotated, Title 7, Chapters 2 and 3; Title 8, relative to local teacher retirement funds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 3, Part 1, is amended by adding the following new section at the end thereof:

Section 7-3-105. Guaranteed payment plan for superseded retirement systems.

(a) As used in this section, unless the context clearly requires otherwise:

(1) "Metropolitan government" means any metropolitan government established under this title;

(2) "Metropolitan board of public education" means the local board of education of a metropolitan government, as defined in subdivision (1) above;

(3) "Superseded system" means any closed local city or county retirement plan, except superseded system shall not include any retirement plan closed after June 30, 1994. Superseded system further means any closed city teacher retirement plan, closed county teacher plan or closed local teacher retirement plan in existence prior to the effective date of this act.

(b) The local legislative body of a metropolitan government as defined in subdivision (a)(1) above and its local board of education may adopt a guaranteed payment plan for pension liabilities as follows:

(1) Adoption of a guaranteed payment plan must be approved by an ordinance approved by a two-thirds (2/3) vote of the local legislative body of the metropolitan government and by resolution approved by a two-thirds (2/3) vote of the metropolitan board of public education; and

(2) The guaranteed payment plan must cover all superseded systems of the metropolitan government and the metropolitan board of public education.

(3) Funding obligations of the superseded systems, including the funding of any unfunded accrued liabilities of the superseded system,

shall be determined in a manner so as to amortize the same over a period of time established by the local legislative body, such period not to exceed thirty (30) years from the beginning of the fiscal year in which the guaranteed payment plan is adopted by the metropolitan government. Any benefit improvements granted by the superseded systems shall be fully funded over the same amortization period established by this subsection. Appropriations made by the local legislative body to fund the obligations of the superseded systems pursuant to this act may not be reduced by any year until all of the pension obligations of all of the superseded systems shall be fully amortized.

(4) The metropolitan board of public education shall fund in its annual budget the actuarial contribution attributable to the aggregate benefits of all teachers covered under the superseded system established upon or after the establishment of the metropolitan government. The metropolitan government shall fund the actuarial contribution attributable to the aggregate benefits of all other superseded systems. The amounts necessary to fund such actuarial contributions shall be set forth in the annual budget adopted by the local legislative body.

(c) A metropolitan government establishing a guaranteed payment plan for pension liabilities pursuant to this act shall establish a guaranteed payment account which shall be separate and apart from the pension trust funds of any superseded system. All funds appropriated by the local legislative body for funding the obligation of the superseded systems shall be directly transferred to the guaranteed payment account by the chief accountant of the metropolitan government or, in the absence of a chief accountant, the person who otherwise performs the duties of a chief accountant for a metropolitan government. The chief accountant shall transfer such amounts as may be necessary to pay the current benefit distributions of the superseded systems to each respective system and shall transfer all remaining balances to the credit of the trust funds of the respective superseded systems in such amounts as are required to ensure that all liabilities are fully amortized as required by this act.

SECTION 2. It is the legislative intent that the provisions of this act shall not be interpreted to change the charter of any metropolitan government electing to come under its provisions.

SECTION 3. No pension benefit granted prior to the effective date of this act to any member of any superseded system shall be reduced as a result of a metropolitan government electing to come under the provisions of this act. Neither shall this act be construed to limit the authority of any superseded system to grant benefit improvements, provided, however, no benefit improvements shall be effective unless funded in accordance with the provisions of this act, by an additional appropriation made by the local legislative body prior to their effective date.


SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: June 13, 2000

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 23<sup>rd</sup> day of June 2000

  
DON SUNDQUIST, GOVERNOR